FS Cross Reference 333-1

ASSETS

GENERAL RULE: Consider the assets of all members of the filing unit, sanctioned parent, and individual sponsors of legal aliens. Determine which assets are available and their equity value.

> NOTE: Money considered as income cannot be counted as an asset unless retained beyond the month of receipt with the exception of lump sum. (Chapter III)

Maximum Countable Assets: $2000 for each filing unit.

DEFINITIONS:

Assets: Equity in real and personal property.

Available: Any asset which can be liquidated and used by the filing unit.

Unavailable: Any asset whose value is unobtainable by the filing unit.

Potential: Any asset which is obtainable by the filing unit but not readily available.

> NOTE: To begin or continue eligibility the filing unit must show that steps are being taken to obtain the asset.

Ownership: Power, authority, etc. to sell, exchange, convert, or redeem the property in question.

Equity: The money value of property minus any encumbrances against it.

Encumbrances: Obligations which must be met before the sale of property can be accomplished.

FS Cross Reference

ASSETS (cont.)

Fair Market Value: The price at which any non-liquid asset will sell in the locality.

Some Basic Examples of Assets:

1. bank accounts including: checking, savings, Certificates of Deposit, Individual Retirement Accounts;

2. stocks and bonds;

3. promissory notes, mortgages;

4. IRS Tax Refunds;

333-1 5. lump sum income representing a change from non-liquid to liquid asset;

6. real property;

7. vehicles, including recreational vehicles.

333-2 Excluded Assets:

1. Assets with cash value not available to the filing unit, such as:

   a. property owned jointly by the client that cannot be subdivided and which the joint-owner(s) will not agree to sell;

      EXCEPTION: When a vehicle is jointly owned by a TANF or PaS recipient and an SSI recipient, its equity value is prorated between the owners (equity value number of owners = each owner's countable prorated share.)

      NOTE: When only one vehicle is owned, the TANF or PaS recipient's equity is totally excluded under item 3 of this section.

FS Cross Reference

ASSETS (cont.)

b. irrevocable trust funds provided that no one residing in the home can revoke the trust or change the beneficiary;

NOTE: Trust funds are irrevocable when the family does not have the legal ability to convert them.

c. portions of settlements that are earmarked and intended to be used for expenses not included in the TANF or PaS grant {i.e. back medical bills, replacement of lost resources, legal fees (See Lump Sum Rule, Chapter III)}

d. that portion of joint bank accounts shown by convincing evidence to have been contributed by someone outside the filing unit. If that portion is intended as a gift, it is not to be excluded;

e. funds excluded under item 9 of this section such as student loans, that are kept in a separate account. The funds in these accounts will retain their exclusion for an unlimited time.

2. The home and surrounding lot if not separated by property owned by someone else, even when left temporarily unoccupied because of employment, job training, education, illness or disaster.

If the home is unoccupied, the filing unit must demonstrate the intent to return.

333-3 3. One vehicle used as the primary vehicle.

333-3 NOTE: The equity value of all the other vehicles will be used toward the asset limit.

FS Cross Reference

ASSETS (cont.)

NOTE: To determine the equity value use the average trade-in value from either the "The National Automobile Dealers Association's (NADA) Used Car Guide Book" or the Kelly Blue Book, making appropriate deductions as listed in the guide but do not add for options. A household's estimate can be used for vehicles not listed in the car guide unless it appears unreasonable. The lower of the two estimates will be used.

Allowance can be made for a vehicle in less than average condition if true value is verified by a reliable source.

The value of a vehicle specially equipped for the handicapped will not be increased because of the equipment.

333-2 4 Prepaid burial contracts and burial spaces intended for use by the filing unit.

5. Personal items used in day-to-day living such as clothing, household furnishings, jewelry, maintenance tools and equipment.

6. Property, including real property, used in the production of income. This includes property not in use because of circumstances beyond the control of the client, e.g. temporary disability, care of an ill person, disasters, etc. Likelihood of returning to the same employment must be evident.

7. Real property which the household is making a good faith effort to sell at a reasonable price.

NOTE: Verify “good faith effort to sell” through documentation that the property is offered for sale in a newspaper or through a real estate broker.

8. Livestock used to produce income or intended for family consumption.

333-2 9. Any personal loan with an agreement to repay. The agreement must be verified by:

a. a written agreement to signed by both parties to repay the money within a specified time, or

FS Cross Reference 333-2

ASSETS (cont.)

b. evidence that the loan was obtained from an individual or establishment engaged in the business of making loans.

10. All educational grants, loans and scholarships from a recognized source to the extent the money is needed for educational expenses. Portions used to fill the unmet need are also excluded.

11. The cash surrender value of insurance policies.

12. Up to $10,000 of nonrecurring lump-sum income used within 30 days of receipt for specific purposes (i.e. Family Development Accounts or Separate Identifiable Accounts set up as described in the Lump Sum Rule, Chapter III and state law at 22 MRSA 3762.

13. Family Development Accounts or Separate Identifiable Accounts set up as authorized by state law 22 MRSA 3762 of up to $10,000 and any accrued interest.

NOTE: State law allows SIA's to be set-up and used for 4 specific purposes:

a. Expenses of education or job training to attend an accredited or approved post secondary education or training institution;

b. The purchase or repair of a home that is the family's principal residence;

c. The purchase or repair of a vehicle used for transportation to work or to attend education or training programs; or

d. Capital to start a small business for any family member 18 years of age or older.

14. Assets excluded by Federal Statute:

a. Grants, loans and scholarships to graduates or undergraduate students made under any program administered by the U.S. Secretary of Education (example: PELL, SEOG, NDSL, Perkins, Work Study);

FS Cross Reference 333-2

ASSETS (cont.)

b. Value of supplemental food assistance received under Child Nutrition Act and under the National School Lunch Act;

c. Benefits received under Title VII, Nutrition Program for the Elderly - Older American Act;

d. Value of USDA Food Stamps and/or Donated Commodities;

e. Tax-exempt portions of payments made under the Alaskan Native Claims Settlement Act;

f. Payments made under Annual Contributions Contract under U.S. Housing Act;

g. Relocation assistance or allowance under the Housing Act. Also, included are payments made under Title II of the Uniform Relocation and Real Property Acquisition Policy;

FS Cross Reference

ASSETS (cont.)

h. Agent Orange Settlement payments;

i. JTPA, Job Corps, or Americorp payments of all types.

j. Payments resulting from Congressional action which specifically exclude such payment (example: The Maine Indian Land Claims Settlement);

k. Monies received under the Domestic Volunteer Services Act by volunteers serving as foster grandparents, senior health aides or companions;

l. HUD community development block grant funds and escrow accounts in the Family Self Sufficiency Program;

m. Benefits paid under the Home Energy Assistance Program (HEAP) or any other federal program providing energy assistance;

n. Title I payments to Volunteers such as VISTA;

NOTE: If the Agency is notified by the Director of Action that the payment divided by the number of hours served is equal to or greater than the minimum wage, the exclusion does not apply.

o. Radiation Exposure Compensation Act settlements for injuries or death from nuclear testing or uranium mining.

p. EITC for first 2 months (month of receipt and the following month).

q. Assets owned solely by an excluded stepparent.

r. Property of no saleable value.

s. Payments made to victims of Nazi persecution under Public Law 103-286 (Nazi Persecution Victims Eligibility Benefits).

FS Cross Reference	INCOME
555-1	GENERAL RULE: Consider the income of all members of the filing unit as well as excluded stepparents, sponsors of aliens, sanctioned parents and parents or legal guardians of minor parents.
	Definitions:
555-2	Earned Income: Money earned in exchange for labor or services. Gross earnings is the amount of money prior to any deductions. It not only includes income in cash or in-kind such as wages, salaries, commissions or profit from self-employment but also wages that are garnished or diverted by an employer.
555-3	Unearned Income: Money that is not produced by labor or services. It not only includes benefits such as Social Security, Veterans benefits, pensions, unemployment compensation, Worker's Compensation, dependents allotments, maintenance agreements, contributions, support payments, annuities, dividends, interest, and regular withdrawals from trust funds; but also unearned income garnished or diverted.

Potential Income: Money which could be received if action were taken to obtain it, such as Social Security, Unemployment or VA benefits.

NOTE: To begin or continue eligibility, the assistance unit must show that steps are being taken to obtain any potential income.

NOTE: Garnishment is not considered income in the following two instances, which are exceptions:

1. Income garnished to fulfill the terms of court ordered support/alimony or Title IVD support orders.

2. Income garnished/recouped by the same agency that issues the income (e.g. UIB being recouped by the Department of Labor to satisfy a prior overpayment).

FS Cross Reference	
	INCOME (cont.)
444-2 555-2	Self-employment: Money earned by individuals engaged in their own business enterprise, such as:

1. independent contractors, franchise holders, owners/operators, farmers, people who produce and sell a product, and service-type businesses;

2. income from boarders;

3. income from roomers;

4. returns on rental property.

Seasonal Income: Money earned in exchange for labor or services not required year round such as fishing, clamming, worm digging, logging, harvesting, etc.

444-2 Contract Income: Money earned in exchange for labor or services in a period of time shorter than one year such as school teachers, crossing guards, bus drivers, property maintenance worker, etc.

Contract income is averaged over a twelve month period when it represents the household's major source of support, provided it is not paid on an hourly or piecework basis. This applies even when it is received in a shorter period of time such as sometimes occurs with teachers and other school employees.

Contract income is averaged over the period the income was intended to cover when it is not the household's major source of support, provided it is not paid on an hourly or piecework basis.

555-4 EXCLUDED INCOME

1. Child Support collections which are correctly paid by the Department, not including non welfare payments.

   NOTE: Non welfare collections, less the first $50 per assistance unit must be budgeted in the retro.

2. Pass through payments.

3. Payments received from the Department or other agencies for foster children in licensed or approved homes who are not part of the assistance unit.

FS Cross Reference

INCOME (cont.)

4. Incentive payments and training expenses paid by the ASPIRE-TANF Program whether in institutional or field training.

5. Supplemental assistance from public or private agencies to help the assistance unit meet emergency situations or balance of need not met by TANF or PaS, such as General Assistance, Emergency Assistance, or HUD and FmHA utility reimbursements.

6. Income of children not included in the assistance unit.

7. Wages of dependent children in the assistance unit as long as they are full-time students or part-time students not employed full time.

   NOTE: See Chapter II, regarding students.

8. Goods and services received which are not included in the list of basic requirements established by this agency. (See Chapter III) (See Appendix Basic Cost Charts)

9. Food produced in home farming for the assistance unit's consumption.

10. When an involuntary separation occurs where the client or spouse enters a medical institution, the income of the institutionalized spouse will be considered for that person only. This applies in the following situations:

    a. the spouse is placed in an ICF or SNF.

    b. the spouse is hospitalized in a general hospital in excess of 60 days.

    c. the spouse is hospitalized for a kidney transplant.

FS Cross Reference

INCOME (cont.)

11. Any personal loan from any source providing there is clear evidence of an agreement to repay. The following is acceptable evidence:

    a. written agreement to repay the money within a specified time, or

    b. evidence the loan was from an individual or establishment in the business of making loans.

12. Reimbursements for job related expenses to the extent they do not exceed actual expenses.

13. Gifts of money not to exceed $30 per recipient per quarter. The quarter is the 3 month period ending with the month of receipt.

14. Portions of all educational grants, scholarships, and other awards from a recognized source to either graduates or undergraduates which are obtained for and used for expenses other than for current living costs.

    NOTE: The portion of any assistance given to students which is not used on actual educational costs shall be counted as income. This does not apply to education assistance which is totally excluded by Federal statute (see below).

    NOTE: The dependent portion of VA educational assistance shall be counted as income.

15. Monies received as a match on deposits a recipient makes in their Family Development Account or Separate Identifiable Account set up as authorized by state law 22 MRSA 3762 up to the $10,000 cap.

    NOTE: State law allows FDA's to be set-up and used for 4 specific purposes:

    a. Expenses of education or job training to attend an accredited or approved post secondary education or training institution;

    b. The purchase or repair of a home that is the family's principal residence;

FS Cross Reference

INCOME (cont.)

c. The purchase or repair of a vehicle used for transportation to work or to attend education or training programs; or

d. Capital to start a small business for any family member 18 years of age or older.

16. Monies received as accrued interest on a recipient's Family Development Account or a Separate Identifiable Account set up as authorized at 22 MRSA 3762.

555-4

17. INCOME EXCLUDED BY FEDERAL STATUTE:

a. Grants, loans and scholarships to students made under any program administered by the U.S. Secretary of Education such as: PELL, SEOG, NDSL, Perkins and Work Study;

FS Cross Reference

INCOME (cont.)

b. Monies received under the Domestic Volunteer Services Act by volunteers serving as foster grandparents, senior health aides or companions;

c. Value of supplemental food assistance received under the Child Nutrition Act or the National School Lunch Act;

d. Benefits received under Title VII, Nutrition Program for the Elderly - Older Americans Act;

e. Value of USDA Food Stamps and/or Donated Commodities;

f. Tax-exempt portions of payments made under the Alaskan Native Claims Settlement Act;

g. EITC received as advance payment in weekly wages or received in one sum after filing annual income tax return.

h. Payments made under Annual Contributions Contract under the U. S. Housing Act;

i. Relocation assistance or allowance under the Housing Act. Also, included are payments made under Title II of the Uniform Relocation and Real Property Acquisition Policy;

j. JTPA, Job Corp, or Americorp payments of all types.

k. Payments resulting from Congressional action which are specifically excluded, such as the Maine Indian Land Claims Settlement;

FS Cross Reference

INCOME (cont.)

l. HUD community development block grant funds and interest from escrow accounts from the Family Self Sufficiency Program;

m. Benefits paid under the Home Energy Assistance Program (HEAP) or any other federal programs providing energy assistance, including HUD and FmHA utility reimbursements.

n. Title I payments made to volunteers such as VISTA;

NOTE: If the Department is notified by the Director of ACTION that the payment divided by the hours served is equal to or greater than minimum wage, this exclusion does not apply.

o. Agent Orange Settlement payments;

p. Radiation Exposure Compensation Act settlement for injuries or death from nuclear testing or uranium mining.

q. Payments made to victims of Nazi persecution under Public Law 103-286 (Nazi Persecution Victims Eligibility Benefits).

FS Cross Reference 555-5

Earned Income Disregards

GENERAL RULE: Certain disregards of earned income are considered when determining eligibility and payment.

The disregards are allowed in the order shown below and can be applied only for the months in which the income is received.

> NOTE: There is an exception when the income is from self-employment. This income is annualized and appropriate disregards are deducted from the monthly average.

Disregards of earned income used prior to July 1, 1999 are relocated to the appendix.

FS Cross
Reference
555-5

Earned Income Disregards (cont.)

On or after 7/1/99:

The following disregards are given to individuals working on or after 7/1/99:

1. Each individual in the assistance unit who is employed, including self-employed individuals, is eligible for the following disregards:

    a. one hundred eight dollars; and

    b. fifty percent of the remaining earnings.

FS Cross Reference

Earned Income Disregards (cont.)

c. Child or Dependent Care: After applying all of the other disregards, the worker shall deduct the cost of care for each dependent child or incapacitated adult needing care while the TANF recipient works. Deduct the actual cost up to $175 per month per dependent or $200 for children under age 2.

NOTE: Dependent care is not allowed if paid to anyone included in the assistance unit.

NOTE: If the TANF and PaS grant includes an "essential person", no dependent care disregard is allowed. (See Caretaker Relatives.)

All of the above disregards will not be applied to the earned income of individuals for any months in which:

a. they terminate their employment or reduce their earned income without good cause within the 30 days preceding that month,

b. they refuse without good cause to accept employment when offered within 30 days preceding that month,

c. they fail without good cause to report an increase in earned income within 10 days from the date of receipt,

d. they are sanctioned for noncompliance of any TANF/PaS requirements .

111-6

Good cause is established by the Eligibility Worker and is based on the following criteria:

1. Termination of employment or reduction of earned income:

a. Dismissal
b. Illness of employed individual
c. Care of other ill family members
d. Loss of transportation
e. Harassment
f. Risk to health and safety
g. Other reasons which indicate the action was not deliberate or willful

FS Cross Reference 111-6

Earned Income Disregards (cont.)

2. Refusal to accept employment:

   a. Illness of employable individual

   b. Care of other ill family members

   c. Lack of transportation

   d. Risk to health and safety

   e. Other reasons which indicate employment would be detrimental to family

3. Failure to report timely an increase in earned income:

   a. Mail delay

   b. Illness of employed individual

   c. Other unanticipated emergencies

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS

SUBJECT: Income-In-Kind, Vendor Payments, Outside Contributions

GENERAL RULE: If not specifically excluded or disregarded by TANF and PaS policy, income-in-kind, vendor payments, or contributions toward budgeted items from people not in the filing unit or from organizations or agencies shall be treated as follows:

555-4

1. When payment in full for the following items is made via income-in-kind or vendor payment by someone not included in the filing unit, a percentage of the full need standard appropriate for the filing unit will be budgeted as available income in determining payment.

   Housing (33.33% of Full Need) This includes either a payment for rent or home ownership costs including taxes, mortgage payments, insurance, property maintenance, heating fuel, water, electricity, gas, refuse disposal, allowances toward household textiles (sheets, towels, etc.), furniture and appliance replacement, housewares, laundry and cleaning supplies, paper products, service and telephone at the basic rate.

   Clothing (15% of Full Need) This includes allowances for all seasons basic inner and outer clothing, undergarments, footwear, dress and work clothing, cleaning and pressing services and shoe repair.

   Food (40% of Full Need) This includes an allowance for all food eaten at home, lunches eaten at work, lunches at school and snacks.

   NOTE: In full means payment of all expenses listed in the above definitions.

2. When partial payment is made via income-in-kind or vendor payment, it is not considered in the TANF and PaS budget.

   NOTE: Any money contributed directly to the filing unit is budgeted as available income.

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS

SUBJECT: Step-Parent Income

GENERAL RULE: When there is a stepparent in the home, they may choose to be included or excluded in the filing unit unless they are applying for their own children or a mutual child living with them draws them into the filing unit. See Filing Unit Rule Chapter II. Whether included or excluded, their income is considered in determining eligibility and payment for the filing unit.

> NOTE: A stepparent whose employment requires extended periods away from the home is still considered to be residing in the home.

When the stepparent is included, their income and assets shall be considered as for any individual in the filing unit.

When the stepparent is excluded, the following disregards and allocations will be applied to their monthly income: (Disregards used prior to july 1, 1999 are in the appendix.)

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS

On or after 7/1/99:

The following disregards are given to excluded Stepparents working on or after 7/1/99:

1. Each excluded Stepparent in the assistance unit who is employed, including self-employed Stepparent, is eligible for the following disregards:

   a. one hundred eight dollars; and

   b. fifty percent of the remaining earnings.

Other:

2. a. from earned income:

   an allocation equal to the full need standard for individuals other than the stepparent living in the same household, but not included in the filing unit, and who are claimed by the stepparent as tax dependents. This does not include the needs of individuals required to be in the filing unit but who have been sanctioned,

   b. from unearned income:

   an allocation equal to the full need standard for the support of the stepparent and other individuals living in the same household, but not included in the filing unit, and who are claimed by the stepparent as tax dependents. This does not include the needs of individuals required to be in the filing unit but who have been sanctioned.

3. from earned or unearned income, the actual amount of alimony or child support payments to persons not living in the home,

Stepparent Income (cont.)

The remainder of the excluded stepparent's income is budgeted as unearned income to the filing unit.

The assets of the excluded stepparent are not considered available to the filing unit even if the legal parent is included on the grant.

The lump sum income of the excluded stepparent is considered as any other income. If the assessed income, including the lump sum, is greater than the filing unit's need standard for the month, the filing unit is ineligible for that month.

The lump sum income of the excluded stepparent is considered as any other income. If the assessed income, including the lump sum, is greater than the filing unit's need standard for the month, the filing unit is ineligible for that month.

FS Cross Reference — TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

444-2 Subject: Self-Employment Income

555-2 GENERAL RULE: Self-Employment income is income earned by individuals engaged in their own business enterprises (see Chapter III). Self-employment income is averaged over a 12 month period. This applies even when it is received in a shorter period of time.

NOTE: When the 12 month average is not an accurate reflection of circumstances or if a business has been in operation less than a year, income will be averaged for the months in operation or treated like any other fluctuating income.

NOTE: Seasonal self-employment which supplements other income shall be averaged over the season.

Verification may be by income tax returns if the business has been in operation long enough to have filed or by business records for those that have been operating less than a year, or when it is claimed that circumstances are much different than during the previous tax year. The Worker may initially want to recall the case monthly to arrive at a best estimate until the situation becomes stable.

Determination of Income

1. Use all gross self-employment income including the full amount of capital gains and depreciation claimed on the tax return.

2. Subtract the cost of producing the income. The following expenses are not allowed:

   a. Payments on the principal of the purchase price of income producing real estate, capital assets, equipment, machinery or other durable goods.

      NOTE: The interest on the above shall be allowed.

FS Cross Reference — TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

b. Net losses from prior periods;

c. Federal, state and local income taxes, retirement plans, and work related personal expenses (i.e. transportation to and from work);

d. Depreciation

The following costs of production are allowed:

a. cost of labor including, F.I.C.A., State and Federal taxes

b. cost of materials, stock, etc.

c. rent

d. interest

3. Divide the net earnings by the number of months over which the income is to be averaged.

4. Treat the net self-employment income as other earned income.

111-1
444-3

Boarders and Roomers:

The cost of producing income by providing "board and room" will be the actual cost of providing meals and a room per month per individual. "Room" only is the actual cost of providing a room per month, and "Board" only is the actual cost of providing meals per month.

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

SUBJECT: Parent Income of a Minor Parent or Pregnant Minor

GENERAL RULE: When a minor parent or pregnant minor lives in the same home with their parent, the income of the parent is considered in determining eligibility and payment for the minor parent.

When a minor parent is deprived, their parent must be the applicant, when the grandparent is the caretaker relative of both.

> NOTE: When the grandparent is included in the filing unit, their income and assets are considered as in any other TANF or PaS grant.

When the minor’s parent(s) are members of the household but not of the filing unit, their income and assets are treated as an excluded stepparent's.

> NOTE: An excluded stepparent’s income is not deemed to the minor parent or pregnant minor. However, when the minor’s parent is included in the grant, there is spousal deeming from the non-essential stepparent to the minor’s parent.

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

SUBJECT: Attributed Tips

GENERAL RULE: Tips attributed or allocated to restaurant employees by their employers on paystubs or W-2 forms are not actual tips and shall not be used in computing TANF and PaS payments. The recipient is responsible for maintaining a daily log of actual tips, which will be used to verify countable tip income for budgeting purposes.

> NOTE: If the Eligibility Worker has reason to believe that tips are being underreported, a thorough exploration should be carried out with the recipient, their employer, and other collateral sources.

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

SUBJECT: Guardian and Conservator Fees

GENERAL RULE: When a legally appointed guardian or conservator charges a fee for services, the TANF and PaS payment will be increased. The fee will be based upon the gross income plus the TANF and PaS payment using the following chart:

GROSS INCOME	COST PER MONTH	GROSS INCOME	COST PER MONTH
$ 0 - $ 10	$ .50	$131 - $140	$ 7.00
11 - 20	1.00	141 - 150	7.50
21 - 30	1.50	151 - 160	8.00
31 - 40	2.00	161 - 170	8.50
41 - 50	2.50	171 - 180	9.00
51 - 60	3.00	181 - 190	9.50
61 - 70	3.50	191 - 200	10.00
71 - 80	4.00	201 - 210	10.50
81 - 90	4.50	211 - 220	11.00
91 - 100	5.00	221 - 239	11.50
101 - 110	5.50	231 - 240	12.00
111 - 120	6.00	241 - 250	12.50
121 - 130	6.50	251 - 260	13.00

ADD 50 CENTS FOR EACH $10 OVER $260 PER MONTH

FS Cross Reference
333-1
555-4

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

SUBJECT: Non-Recurring Lump Sum Income

GENERAL RULE: Non-recurring lump sum income, after allowable exclusions, shall be considered available to meet current as well as future needs of the assistance unit.

Non-recurring lump sum income may be in the form of retroactive payments or settlements or may be in the nature of a windfall. Some examples are: retroactive portions of Social Security, Workers' Compensation, Unemployment, Disability, VA or other benefits, pay raises, inheritances, lottery winnings, personal injury awards, property damage claims, divorce settlements, etc.

NOTE: Lump sum income representing the change from a non-liquid to liquid asset shall continue to be considered an asset (e.g., sale of marital property).

1. Determining The Net Lump Sum:

To arrive at the net lump sum income: disregard from the gross amount

a) attorney’s fees,

b) any portion earmarked and verified as having been used for the purpose for which it was paid (i.e., monies for back medical bills resulting from accident or injury, funeral and burial costs, replacement or repair of a lost resource, etc.).

c) up to $10,000 of nonrecurring lump sum income must be disregarded as income and excluded as an asset if used for the following purposes within 30 days of its receipt:

(1) Deposit in a separate identifiable account, approved by the Department. Withdrawals frtom such an account may only be for the purposes identified in subparagraphs (2) to (6) and paragraph C;

(2) Expenses for education or job training to attend an accredited or approved post secondary education or training institution;

(3) The purchase or repair of a home that is the family's principal residence;

(4) The purchase or repair of a vehicle used for transportation to work or to attend an education or training program;

(5) Capital to start a small business for any family member 18 years of age or older; or

(6) Placement in a Family Development Account or Separate Identifiable Account set up as authorized by state law,22 MRSA 3762 to the extent that the total balance of such an account remains below $10,000.

d) the Department will disregard from income and exclude as an asset nonrecurring lump sum income used within 30 days of receipt or money withdrawn from an account established pursuant to paragraph c, subparagraph (1) or (6), if it is used for the purposes stated in paragraph c, subparagraphs (2) to (6) or to meet the following needs:

(1) Health care costs of a household member that are medically necessary and that are not covered by public or private insurance;

(2) To address an emergency that may cause the loss of shelter, employment or other basic necessities; or

(3) To address other essential family needs approved by the Department.

NOTE: Lump sum money used for purposes other than those stated in paragraphs a) through d) and their subparagraphs is considered as income available for the family to live on and will be treated as any other unearned income in the calculation of the period of ineligibility.

2. Any portion of the lump sum income not excluded must be used to support the assistance unit.

Calculating The Period Of Ineligibility:

When the assistance unit's total amount of countable earned and unearned income (excluding the TANF or PaS grant and including countable lump sum income) does not exceed the standard of need in the month of receipt, treat as any other income.

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

When the income exceeds the standard of need, the unit will be ineligible for the number of months derived by dividing the total countable income for that month by the full need standard. Any income remaining is treated as income received in the first month following the period of ineligibility. The first month of ineligibility is the month the lump sum is received. An TANF or PaS payment for that month is considered an overpayment unless the lump sum is timely reported.

3. Adjusting The Period of Ineligibility

The period of ineligibility may be shortened or ended when one of the following occurs:

a. There is an increase in the TANF or PaS Standard of Need.

NOTE: When there is an addition to the family unit during the period of ineligibility, the need standard used in the recalculation must include individuals who would otherwise be eligible for AFDC. Examples: newborns, child returning home, or any other individual required to be in the filing unit.

b. There are medical expenses incurred and verified as paid by any member of the ineligible assistance unit. The expenses must be equal to or exceed the amount already used in initially calculating the period of ineligibility.

c. There is a circumstance beyond the family's control which causes the assistance unit to use the lump sum on the following verified exclusions:

1. Payment of funeral or burial expenses for a family member;

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

2. Travel costs related to the illness or death of a family member;

3. Repair or replacement of essentials lost due to fire, flood or other natural disasters;

4. Repair, purchase, or unreimbursed operating costs of a motor vehicle essential for employment, education, training, or other day-to-day living necessities;

5. Additional payments for medical bills or replacement of lost resources earmarked in the settlement;

6. Money used to meet essential needs such as housing, utilities, food, clothing, furnishings and other necessities required for the health and safety of the family.

NOTE: Payment to prevent rent evictions and utility disconnects are allowable deductions because evictions and disconnects threaten the health and safety of the family.

NOTE: Similarly, when the verified current monthly shelter expenses exceed the assistance unit's standard of need, the amount exceeding the standard of need is an allowable deduction.

NOTE: Advance payments, such as paying ahead on rent or utilities are not allowable deductions because the net countable lump sum is being set aside to meet those monthly expenses.

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

NOTE: The period of ineligibility is not shortened when the lump sum is used for basic needs covered by the TANF or PaS Need Standard.

NOTE: "Circumstance beyond the family's control" does not include the family's lack of knowledge about the lump sum rule. All TANF or PaS recipients are told to contact their Eligibility Worker before spending any lump sum income.

The receipt of the lump sum and a situation beyond the family's control may occur simultaneously or close in time. When this happens, documentation can be used by the Eligibility Worker to justify the application of steps 1, 2, and 3 at the initial calculation of the period of ineligibility.

The decision to *shorten* the period is made by the Eligibility Worker with Supervisor approval. The documentation in the record shall include their signature.

The decision to *end* the period of ineligibility due to circumstances beyond the family's control shall be made by the TANF and PaS Supervisor or .Program Manager.

The request from the Eligibility Worker shall be in writing and contain the basis for the request.

FS Cross Reference 555-1

PASS THROUGH PAYMENTS

Up to the first $50 per month per assistance unit of child support collected on the monthly support obligation for the assistance unit will be paid to the assistance unit.

This Pass Through payment will be excluded as income and assets in determining need and the amount of the assistance payment. In addition this amount will not be considered as part of any overpayment when support is received directly by the recipient and is not forwarded to the State.

FS Cross Reference

TREATMENT OF CERTAIN TYPES OF INCOME AND DEDUCTIONS (cont.)

TANF and PaS SUPPLEMENTAL PAYMENTS (Gap Payments)

Assistance units are eligible to receive the child support collected in a month, including arrearages up to the amount of their unmet need (Gap).

EXCESS PAYMENTS

When a family receives excess child support payments, their prospective financial eligibility must be explored:

1. When current child support is collected and it occasionally exceeds the total of the pass through, gap, and the grant amount, the recipient is sent the excess and eligibility for TANF continues.

2. When it can be anticipated that the child support collected will routinely exceed the total of the pass through, gap, and grant amount, eligibility for TANF ends.

EXAMPLES:

a. When the excess payment is caused by a fifth week of child support collections or by an unusual 1-time situation, the case remains open.

b. When ongoing increased child support causes closure, Medicaid is reevaluated, and eligibility for Medicaid is determined separately.

c. When ongoing increased earnings causes the closure, transitional services are extended as described in Chapter V.

d. When the closure is due to both an increase in child support and an increase in earnings in the same month, determine if one source of income ALONE would close the case, and close accordingly. If neither source of income considered alone closes the case, consider the earnings as the source which contributes to the closure and extend transitional services.